

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 L-03 AID-05 /032 R

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DESIRED DISTRIBUTION
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----- 088050

R 262357Z JUN 75
FM SECSTATE WASHDC
TO AMEMBASSY KABUL

UNCLAS STATE 151601

E.O. 11652: N/A

TAGS: EINV, AF

SUBJECT: YAQUB LEATHER INDUSTRIES ("YLI")

REF: (A) KABUL 3600, (B) TARAQI LTR TO OPIC OF JANUARY 4,
1975, (C) TARAQI LTR TO OPIC OF APRIL 24, 1975, (D)
TARAQI LTR TO LIPMAN OF APRIL 27, 1975

1. PLEASE PASS COPY OF THIS ENTIRE CABLE TO TARAQI.
2. OPIC PLEASED TO HEAR OF TARAQI'S IMPROVED PHYSICAL
CONDITION.
3. MATHUR INFORMS OPIC THAT FAZELLI HAS AGREED TO ACT AS
YLI COUNSEL TO ASSIST IN COMPLETION OF CONDITIONS; HOW-
EVER, HE WILL NOT SIGN LEGAL OPINION TO OPIC AS YLI
COUNSEL.
4. PER PARA. 4, REF. (A), REQUEST FOR ADVICE REGARDING
PAYMENT FOR TARAQI'S SERVICES, OPIC HAS NOT RECEIVED
VOUCHER FROM TARAQI FOR SERVICES THROUGH MARCH 1975. ASK
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TARAQI TO MAIL ASAP. DESPITE YLI REQUEST TO LOWER TARAQI
FEE, OPIC AGREEABLE TO CONTINUE PRESENT ARRANGEMENT (AS
PROVIDED BY CONTRACT AND AS REQUESTED BY TARAQI PER REF.
(C)) UNDER WHICH TARAQI'S SERVICES TERMINATE ON LATER

OF JUNE 30, 1975 OR DATE OF LAST LOAN DRAWDOWN AND COMPLETION OF ALL CONDITIONS PRECEDENT ("C/P'S") AT RATE OF 160 DOLLARS PER MONTH. IF MAJOR LEGAL ACTION NEEDED BY OPIC AFTER LAST DISBURSEMENT, E.G., COLLECTION OF DELINQUENT DEBT REPAYMENTS OR FORECLOSURE UNDER PROJECT'S SECURITY ARRANGEMENT, OPIC WILL REHIRE TARAKI THEN. SECTION 9.1 OF LOAN AGREEMENT PROVIDES THAT YLI REIMBURSE OPIC ITS OUTSIDE COUNSEL FEES REQUIRED IN "ARRANGING THE LOAN," WHICH OPIC CONSTRUES TO MEAN THROUGH LAST DISBURSEMENT OF LOAN AND COMPLETION OF ALL C/P'S.

5. SINCE OPIC ANTICIPATES REQUEST FOR LAST DRAWDOWN SOON, ANXIOUS TO RECEIVE TARAKI'S OPINION THAT ALL CONDITIONS SATISFIED FOR FINAL DRAWDOWN. USING LOAN AGREEMENT SECTION NUMBERS AS GUIDE, BASED ON REF. (D) OPIC CONSIDERS CURRENT STATUS OF C/P'S TO FIRST LOAN DISBURSEMENT, THE FULFILLMENT OF WHICH OPIC DEFERRED PENDING TARAKI APPROVAL, TO BE AS FOLLOWS:

4.1 - SECTION 7 OF TARAKI'S OPINION FOR FIRST DISBURSEMENT STATED YLI'S EQUITY HAD BEEN FULLY PAID-IN AND REF. (A) DID NOT RAISE QUESTIONS POSED IN REF. (D). OPIC SATISFIED WITH ACCOUNTANT'S SEPT. 4, 1974 STATEMENT REGARDING VALUE OF SHAREHOLDER'S EQUITY CONTRIBUTIONS. IF TARAKI HAS PROOF THAT ACCOUNTANT'S INFORMATION IS INCORRECT, HE SHOULD PROVIDE OPIC WITH SUCH PROOF. REGISTRATION OF SALE OF ELEVEN PERCENT (11 PERCENT) OF GENLEATHER'S STOCK OF YLI SHOULD BE OBTAINED BY YLI FROM COMMERCIAL CHAMBER OF COURT OF "ISTEENAF," IF TARAKI BELIEVES THIS IS PROPER PROCEDURE. IF DEED FOR TRANSFER OF BUILDING FROM YAQUB TO YLI OR STATEMENT OF YAQUB THAT YLI OWNS BUILDING IS NECESSARY TO PROVE YLI BUILDING OWNERSHIP, OPIC CURIOUS THAT THE COMMERCIAL COURT GRANTED "TASMIN," PLACING SECURITY INTEREST ON BUILDING; HOWEVER, TARAKI DOES NOT SEEM SATISFIED THAT YLI HAS ADEQUATE PROOF OF OWNERSHIP. WHAT DOES HE RECOMMEND?
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4.3 - (I) IS TARAKI SATISFIED THAT PROMISE OF AFGHAN AUTHORITIES TO MAKE SUFFICIENT FOREIGN EXCHANGE AVAILABLE FOR CAPITAL REPATRIATION AND DEBT REPAYMENT AND INTERPRETATION FDPIL IS BEST FX ASSURANCE AVAILABLE? IS PROMISE IN WRITING? (II) OPIC THOUGHT THAT NO DOCUMENT FROM GOA NECESSARY TO ASSURE TAX EXEMPTION UNDER FDPIL. DOES TARAKI THINK SUCH DOCUMENT NEEDED?

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4.5 - TARAKI SHOULD CAUSE YLI THROUGH FAZELLI TO REGISTER ARTICLES OF ASSOCIATION WITH COURT.

PROBLEM DUE TO MINISTRY OF COMMERCE REFUSAL TO PERMIT PRE-

FERRED STOCK OF IDBA BECAUSE OF ARTICLE 113 OF TRADE LAW
SHOULD BE RESOLVED BY TARAKI IN CONSULTATION WITH IDBA.

4.6 - TARAKI SHOULD CAUSE YLI THROUGH FAZELLI TO OBTAIN
DOCUMENTARY EVIDENCE OF REGISTRATION OF LAND IN YLI NAME.
HOW DID BEGRAMI LAND OFFICE (DAFTAR MALIA) SATISFY ITSELF
THAT YLI OWNED LAND PRIOR TO REGISTERING THE THAZMEEN IF
THERE ARE NO DOCUMENTS PROVING TITLE TO LAND IN YLI?

4.7 - USAID ENGINEER'S APPROVAL IS SUFFICIENT
TO FULFILL THIS CONDITION.

4.8 - OPIC SATISFIED WITH TARAKI OPINION THAT ACCOUNTS
RECEIVABLE CANNOT BE REGISTERED UNDER THAZMEEN.

4.10 - OPIC SOON WILL SIGN STATEMENT THAT IT IS SATISFIED
THAT THE OBLIGATIONS OF GENESCO, GENLEATHER AND THE YAQUB
GROUP UNDER THE PROJECT COMPLETION AGREEMENT HAVE BEEN
COMPLETED, WITH EXCEPTION FOR ROOF CONSTRUCTION WHICH WILL
BE COMPLETED LATER.

4.14 (II) - GENEESCO INFORMS OPIC THAT YLI WILL OBTAIN
AFGHAN LAWYER WHO, WITH HELP OF FAZELLI, WILL ISSUE LEGAL
OPINION TO OPIC.

6. OF COURSE, PRIOR TO FINAL LOAN DISBURSEMENT CONDITIONS
CONTAINED IN SECTION 5 OF LOAN AGREEMENT WILL ALSO HAVE TO
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BE MET, INCLUDING DOCUMENTS REQUIRED UNDER SECTION 5.5.

7. DOES TARAKI FEEL ANY OTHER CONDITIONS OF LOAN AGREE-
MENT ARE NOT YET COMPLETED?

8. OPIC THANKS EMBASSY AND TARAKI FOR THEIR ASSISTANCE
AND REQUESTS TARAKI RESPONSE TO FOREGOING AS SOON AS
CONVENIENT. KISSINGER

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<< END OF DOCUMENT >>

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